

**TUKMAN CAPITAL MANAGEMENT, INC.**  
**DOMESTIC EQUITY: S&P 500 BENCHMARK**

FOR THE MONTH OF: **SEPTEMBER** **2008**

**MANAGER PERFORMANCE CALCULATIONS**

\* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Tukman	-0.68%	5.55%	-7.17%	4.75%	4.40%
S&P 500	-8.91%	-8.37%	-21.98%	0.22%	5.17%

**PORTFOLIO ATTRIBUTES**

<u>Characteristics</u>	<u>Tukman</u>	<u>S&amp;P 500</u>	<u>Sector Analysis</u>		
Mkt Value (\$m)	314.80	N/A	<u>Over-weight</u>	<u>Tukman</u>	<u>S&amp;P 500</u>
Wtd Cap (\$b)	144.96	88.78	Con Staples	24.20%	12.00%
P/E	14.00	15.00	Technology	21.38%	16.00%
Beta	0.80	1.00	Con Disc	18.06%	8.00%
Yield (%)	1.95	2.24			
Earnings Growth	14.90	18.20	<u>Under-weight</u>	<u>Tukman</u>	<u>S&amp;P 500</u>
			Energy	1.38%	13.00%
			Financials	11.69%	16.00%
			Healthcare	7.38%	13.00%

**PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS**

The TGCM portfolio significantly outperformed the S&P 500 Index for both the month and the quarter. The top performing stocks in the portfolio were Wells Fargo, Berkshire Hathaway, and PepsiCo. As banks and other financial institutions failed around the country, investors sought companies likely to weather the storm and Wells Fargo enjoyed a strong rebound off its summer low. Berkshire also had a positive month as Warren Buffett's conservative investment approach proved attractive in these volatile market conditions. PepsiCo's positive international growth spurred a 9% increase in second quarter profits. The bottom performing stocks were Goldman Sachs and General Electric. Goldman Sachs share price dropped with the demise of several large investment banking competitors. General Electric shares fell as investors worried about GE's finance operations. This month Warren Buffett's Berkshire Hathaway made significant investments in both Goldman Sachs and GE, which we believe is a positive event for both companies.

During the month of September, we added American Express, 3M, and Schlumberger based on attractive valuations. We also added to our Avon position. We trimmed Wal-Mart as the price has climbed and sold the final Anheuser Busch shares from the portfolio.

As the markets continue to be volatile and unpredictable, investors are likely to seek high quality companies with proven management. The TGCM portfolio benefited from this shift to quality during the month and the third quarter and we remain positioned to capture additional value should the trend continue.

**MANAGER STYLE SUMMARY**

*Tukman's investment strategy is "Concentrated Quality GARP" (Growth At a Reasonable Price), whereby the portfolio is a concentrated mix of about 10-20 large capitalization stocks of quality companies who are leaders in their sectors, have demonstrated consistent earnings growth, have clear prospects for future earnings growth, and trade at values at or slightly below the average S&P 500 company. This style is similar to that of Warren Buffet. Due to the portfolio concentration, it tends to be more volatile than other widely diversified portfolios. Consequently, they can lag significantly behind their benchmark for a period of time, then rapidly make up the difference and/or outperform relative to their benchmark.*

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**PORTFOLIO GUIDELINE COMPLIANCE**

SEPTEMBER

2008

Portfolio Guideline:	S&P 500	Tukman	Calc	Min	Max	Compliance
B2. Security Market Cap (in \$m)						ok
B3. Wtd Avg Cap > \$10 billion						ok
B4. Number of issues		18		10	20	ok
B5. Security Positions <= 15% @ purchase						ok
B6a. P/E (projected)	15.00	14.00	1.1	0.8	1.3	ok
B6b. Beta	1.00	0.80	1.3	0.8	1.3	ok
B6c. Yield	2.24	1.95	115%	50%	150%	ok
B6d. Expected Earnings Growth	18.20	14.90	1.2	0.7	1.3	ok
E2. Commissions not to exceed \$0.05/share						ok
E3. Annual Turnover		24%		5%	45%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

**MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES**

There were no deviations.

**ORGANIZATIONAL/PERSONNEL CHANGES**

None

**ACCOUNT TURNOVER**

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				